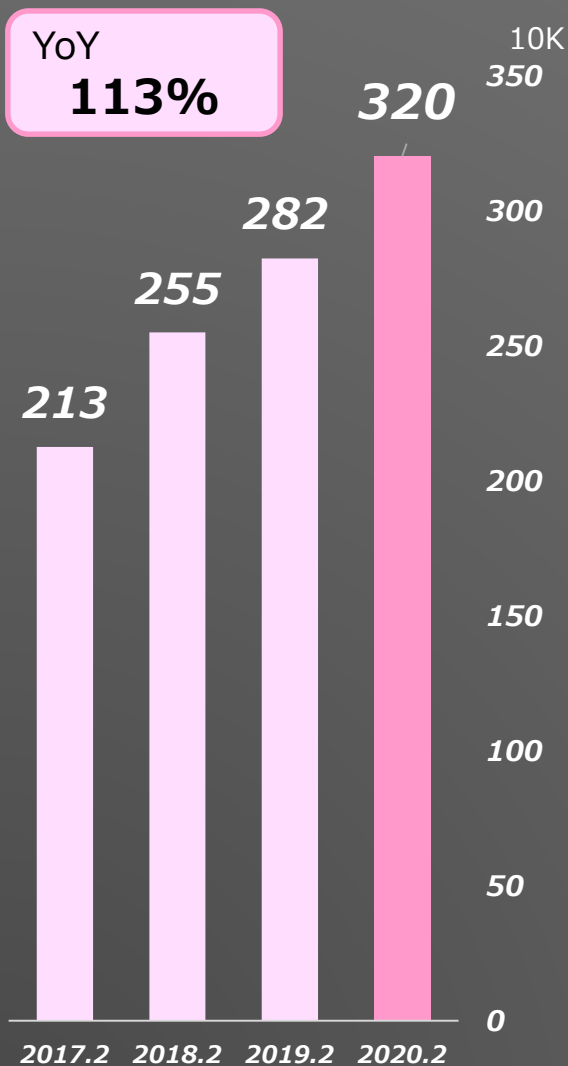


Financial Announcement for 2Q FY2020/8 (from Sep. 1, 2019 to Feb. 29, 2020)

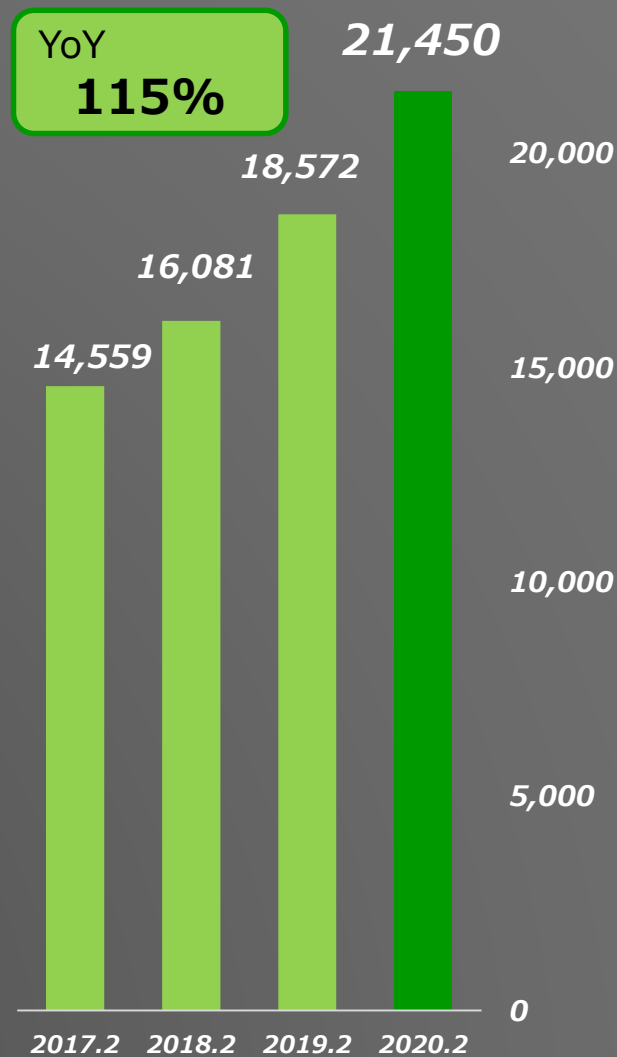
Demae-can Co., Ltd
(JASDAQ:2484)

KPI summary

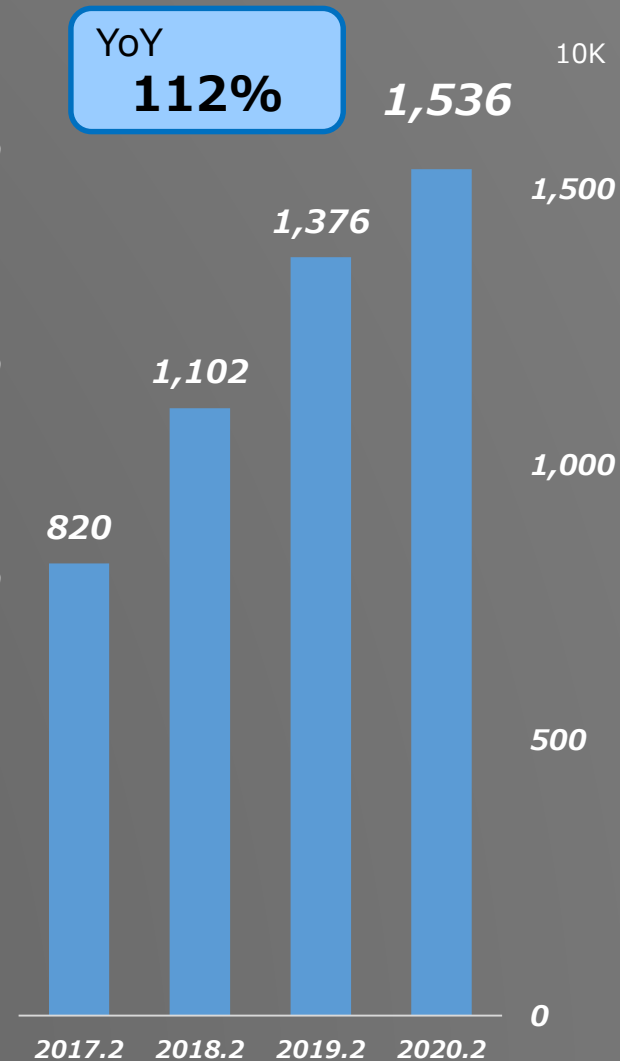
Number of active users
(as of the end of Feb.)



Number of affiliated stores
(as of the end of Feb.)



Number of orders
(from Sep. 1 to Feb. 29)



Overview of consolidated financial results for 2Q FY2020/8 (P/L)

Net sales increased by 22.7% YoY. An operating loss of 989 million yen was recorded due to strategic investment.

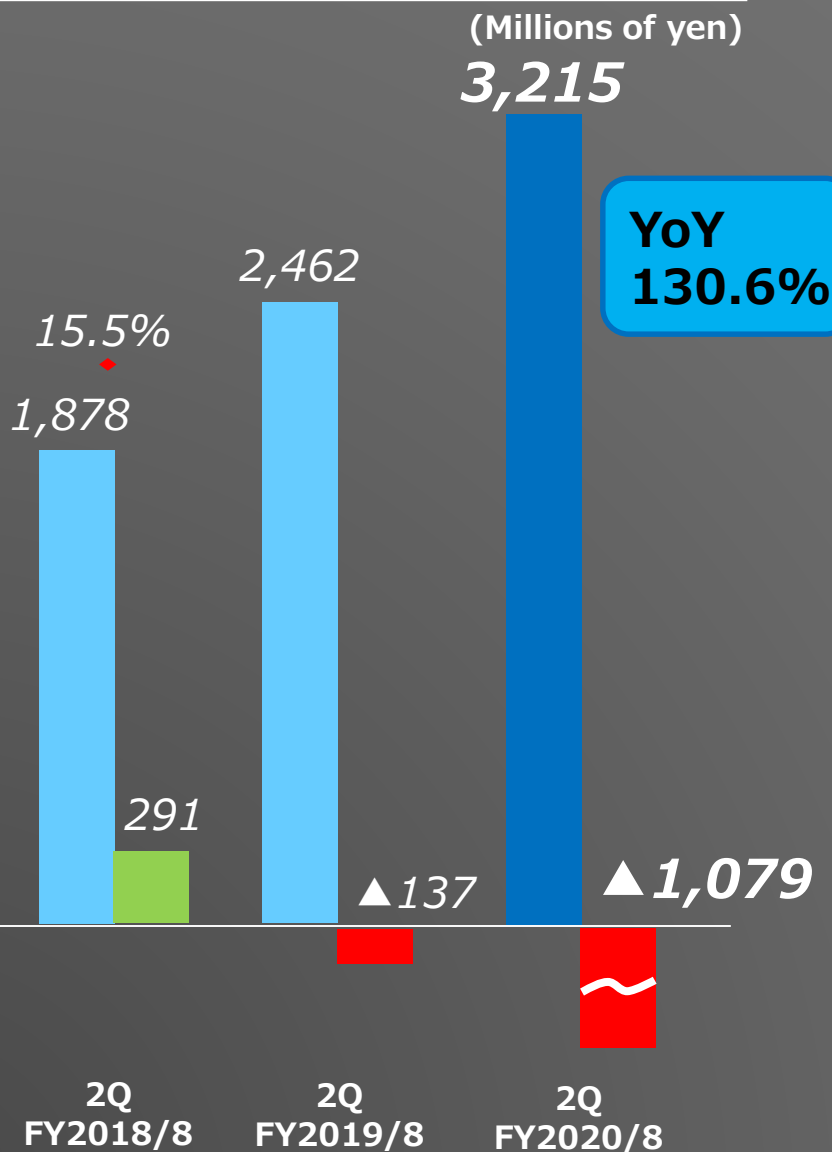
- Main factors for increased sales and decreased profit:
 - ✓ An increase in the number of affiliated stores due to the expansion of Sharing Delivery and a rise in the volume of orders thanks to aggressive marketing
 - ✓ A rise in delivery sales due to the expansion of directly managed offices of Sharing Delivery and increases in office start-up costs and operation costs
 - ✓ A climb in advertising expenses for increasing recognition and promoting everyday use

Millions of yen	FY2018/8 Actual	FY2019/8 Actual	Year on year Difference	Year on year Comparison	FY2019/8 Sales ratio
Net Sales	3,119	3,828	+ 709	122.7%	100.0%
Gross Profit	1,925	2,538	+ 613	131.8%	66.3%
SG & A	1,965	3,527	+ 1,562	179.4%	92.1%
Operating profit	▲ 40	▲ 989	▲ 949	-	▲ 25.8%
Ordinary profit	▲ 19	▲ 966	▲ 947	-	▲ 25.2%
Profit attributable to owners of parent	▲ 33	▲ 904	▲ 871	-	▲ 23.6%

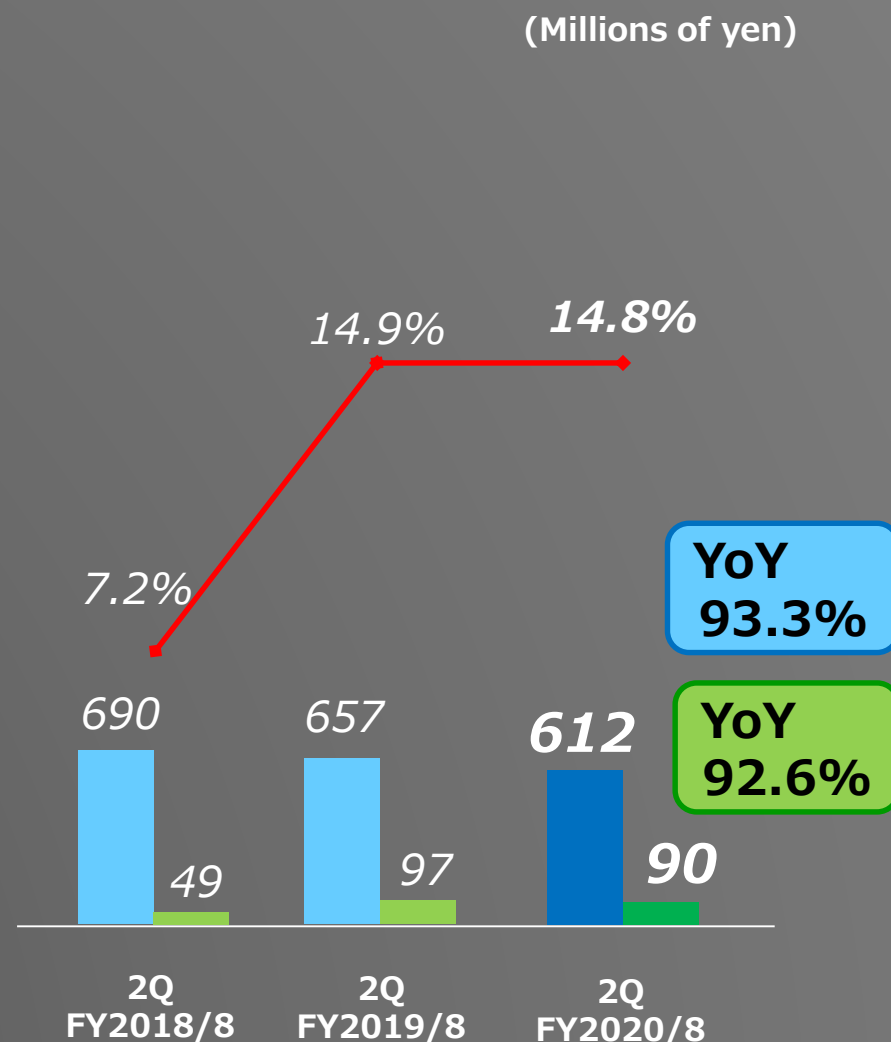
Overview of consolidated financial results for 2Q FY2020/8 (B/S)

Millions of yen	End of Aug., 2019	End of Feb., 2020	Year on year Difference	Year on year Comparison
Current assets	5,555	5,391	▲164	97.1%
Cash and deposits	2,185	1,299	▲888	116.1%
Accounts receivable - other	2,994	3,765	+771	125.7%
Other current assets	375	328	▲47	87.6%
Non-current assets	1,528	1,444	▲84	94.5%
Intangible assets	821	904	+83	110.1%
Other non-current assets	706	539	▲167	76.4%
Total assets	7,084	6,836	▲248	96.5%
Current liabilities	4,203	5,125	+922	121.9%
Short-term loans payable	803	601	▲202	74.9%
Accounts payable – other	3,069	4,228	+1,159	137.7%
Other current liabilities	330	295	▲35	89.5%
Non-current liabilities	40	21	▲19	52.0%
Total liabilities	4,244	5,146	+902	121.3%
Net assets	2,839	1,690	▲1,149	59.5%

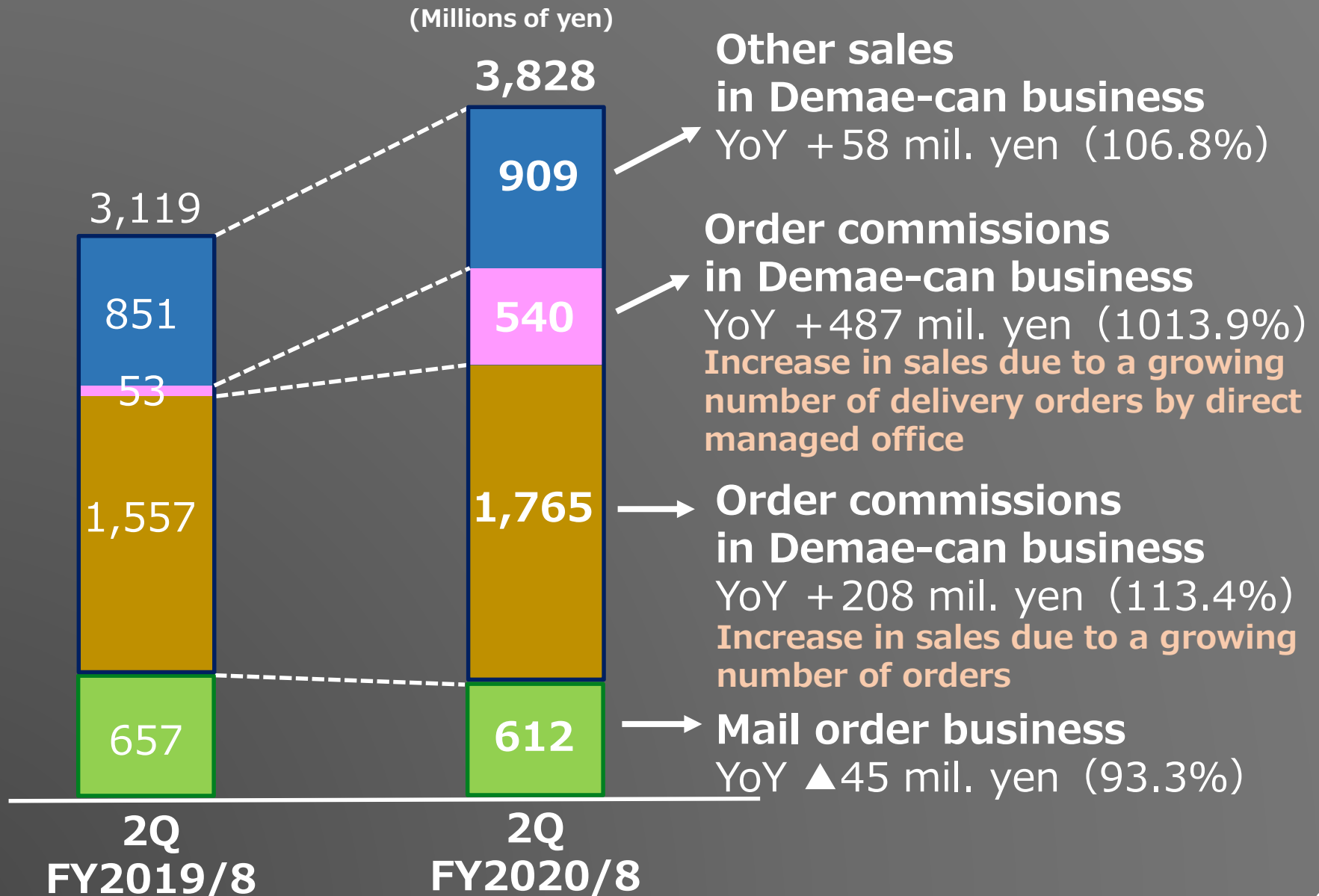
Demae-can business



Mail order business

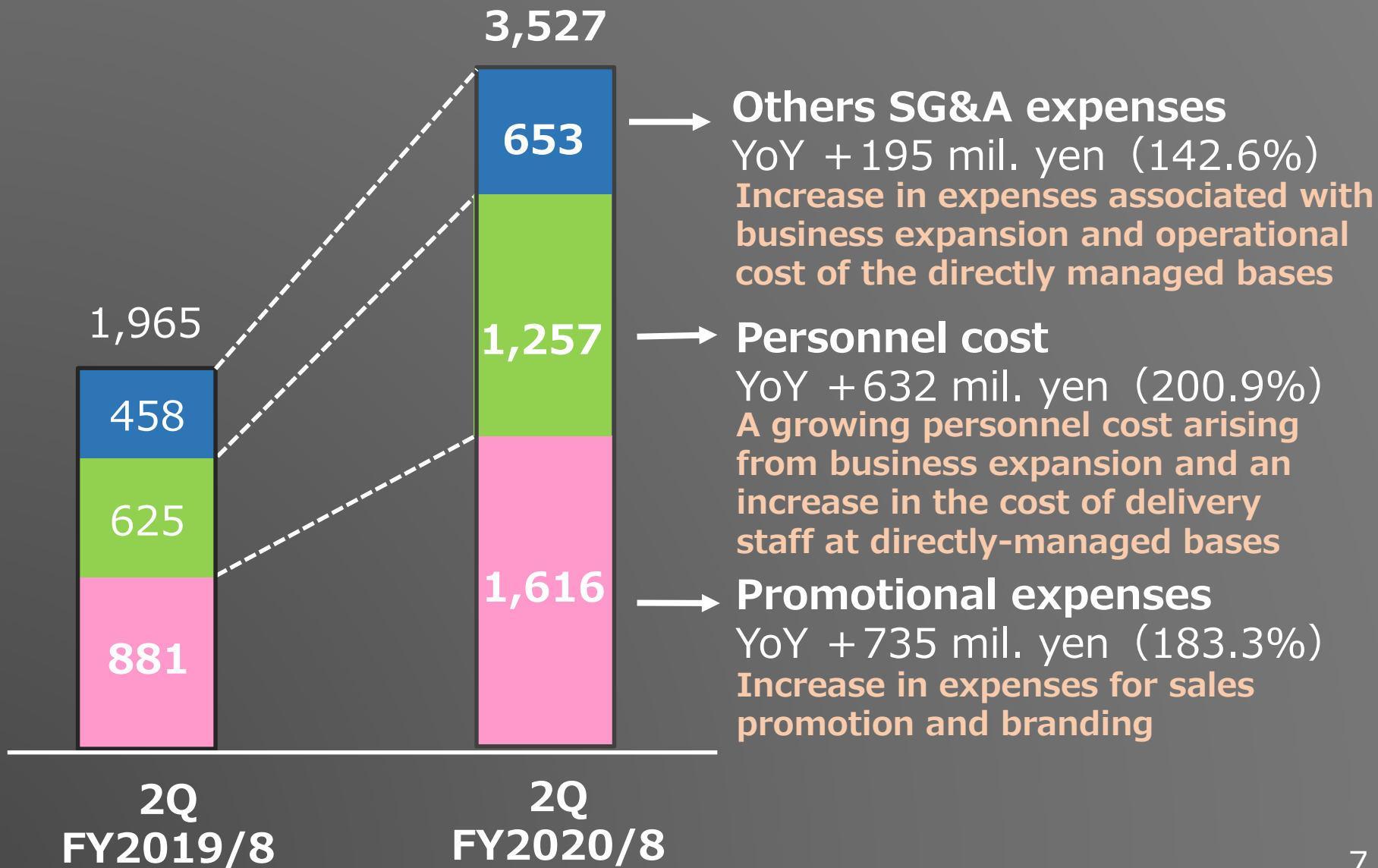


Changes in net sales by segment



Changes in SG&A

(Millions of yen)



Executed the promotion for accelerating daily use by users

- ⇒① Appointed Masatoshi Hamada (Downtown) as Chief Demae Officer (CDO) and emphasized “food delivery of food for daily meals”. Also, TV commercials started in late December.
- ② Expanded operations of *Arena Delivery* and created opportunities for food delivery at sites by events, including B League, RIZIN and RAGE (e-sports) etc.
- ③ Renewaled *Demae-nyan Club* to increase frequency of use by existing users.



Strongly promoting expansion of *Sharing Delivery*

- ⇒① Increased stores in categories where stores were insufficient, particularly for daily meals
- ② Started to lower the minimum order value.
- ③ Shortened waiting time from order placement to delivery.
- ④ Negotiated change in delivery agency commission structure.



Strengthening the hygiene management system for delivery persons to reduce infection risk and provide safe and secure service

- ⇒① Management of physical condition at the start of the workday using a check sheet
- Thorough hand washing, gargling and disinfecting with alcohol
 - Measurement of body temperature of delivery persons; if the temperature is 37.5°C or more, their work is restricted.
- ② Disinfecting with alcohol before receiving products at stores and delivering to customers
- ③ Having delivery persons wear masks



Providing meals for free to children's homes, children's restaurants and after-school daycare facilities

⇒ The Company plans to provide 3,000 meals for free. In 10 days after the start of offering of meals on March 2, requests for more than 5,000 meals were received from 124 locations nationwide.



Purpose of Strengthening Capital and Business Alliance with LINE Group

Things to do to accelerate Demae-can's growth

**Integration of brands into Demae-can
and use of LINE ID**

Financing for growth investment

**Strengthen system development &
marketing organization**

Starting take-out service

Integration of “LINE delima” into “Demae-can” brand



Demae-can
ID



LINE ID



Integration of Demae-can ID and LINE ID into ONE ID will enable 83 million LINE users to easily use Demae-can.

Investing 30 billion yen in the Company's priority areas



System Development

- Radical modification of existing system
- Implementation of ONE ID
- Acceleration of development of delivery system
- Personalization of site

etc.

Sharing Delivery

- Acceleration of expansion of service areas
- Building a structure to respond to a rapid increase in the number of deliveries
- Starting “cloud kitchen” business

etc.

Marketing

- Investment in advertising for brand building
- Sales promotion using LINE's platform

etc.

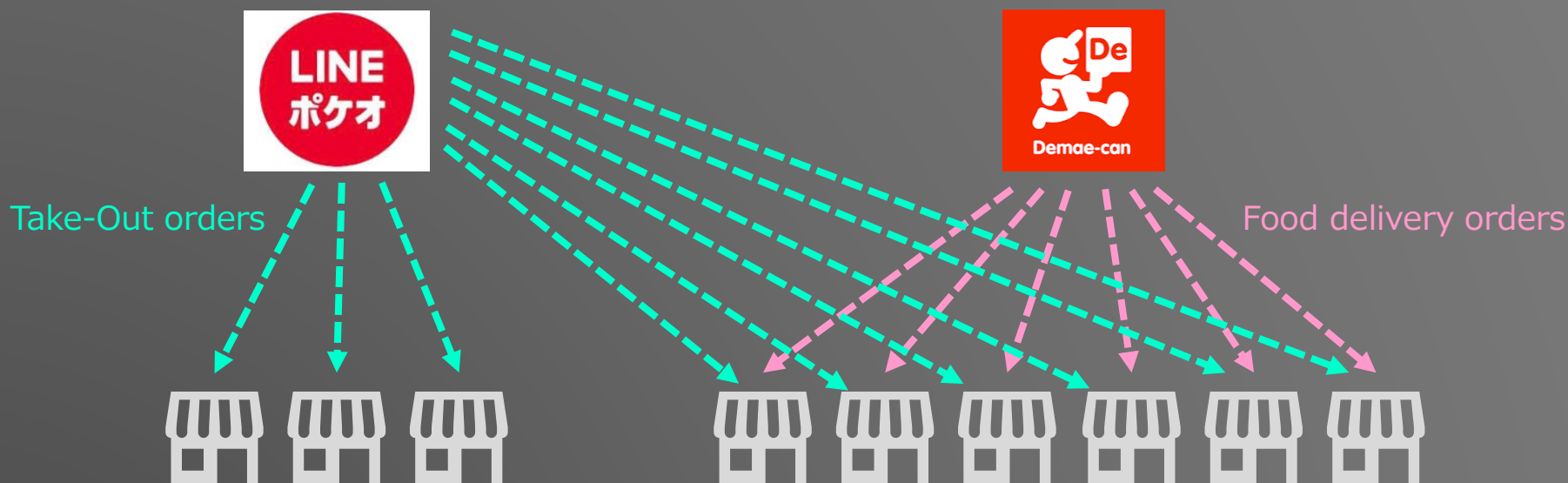
Changing the organization for system development

As our measures for insufficient resources for system development, which is our agenda, we will restructure its development and operation systems with a development team consisting of around 50 members that will be dispatched from LINE.

Strengthening the marketing system

The Company will strengthen its marketing system and will build a system that will take full advantage of LINE's platform with Mr. Fujiwara, CMO at LINE's O2O company, and core marketing staff members dispatched from the LINE Group.

Promptly tapping into fields where demand is expected to expand using Demae-can's infrastructure



Adding LINE Pokeo's take-out reservation function to Demae-can's existing order handling operation enables the Company to introduce take-out services promptly.



Chairman,
Representative Director
Rie Nakamura



President & CEO,
Representative Director
Hideo Fujii

<Future Board members>

Director (candidates) :

- * Rie Nakamura (CEO of Demae-can Co., Ltd)
- * Hideo Fujii (CEO of LINE Corporation O2O Company)
- * Jun Masuda (Director CSMO of LINE Corporation / Outside Director of Demae-can Co., Ltd)
- * Shoji Fujiwara (CMO of LINE Corporation O2O Company & LINE Pay Corporation)

Independent Outside Directors : Hiroshi Kamiyama and Munehiro Honda (continue)

Medium- to Long-Term Strategies after Strengthening Capital and Business Alliance

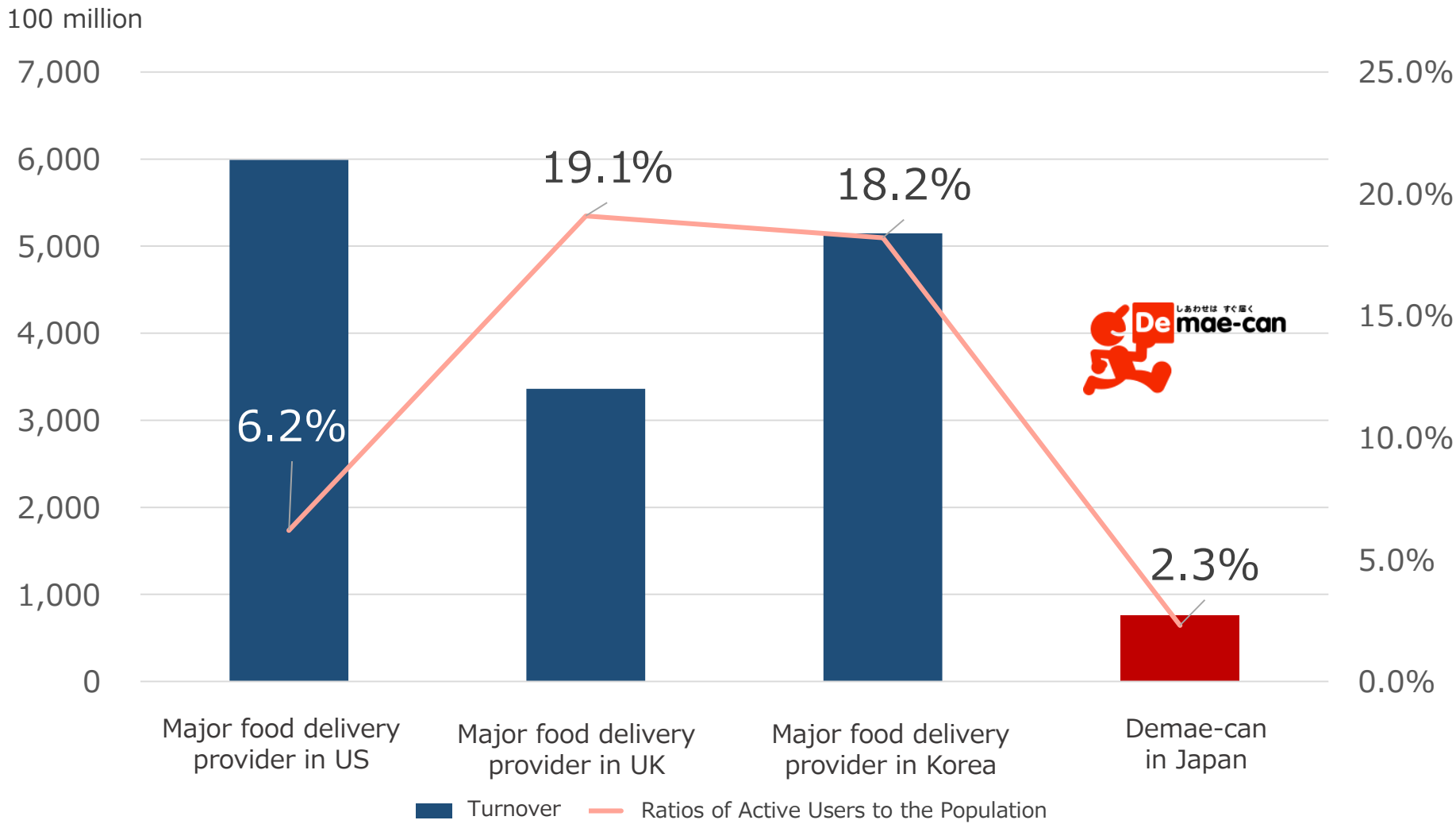
Hideo Fujii

CEO of LINE Corporation O2O Company



- 2006年** Joins Rakuten, Inc. Aids in the launch of the Sapporo branch. Returns to the Tokyo head office. Engages in business strategies and overseas strategies.
- 2015年** Becomes Director and Executive Vice President at Rakuten Mart, Inc., a subsidiary of Rakuten, Inc. Engages in redesigning business plans, website renewal and logistics and merchandising reform and puts sales onto a growth trajectory.
- 2016年** Joins Line Corporation as head of the commerce business.
- 2017年** Becomes Executive Officer at Line Corporation. Engages in launches of services and organizations as head of commerce business and O2O business. Becomes Outside Director at Yumenomachi Souzou-linkai Co., Ltd. (currently Demae-can Co., Ltd.)
- 2018年** Becomes Outside Director at Venture Republic Inc. (present position)
- 2019年** Resigns as Outside Director at Demae-kan at the expiration of his term. Becomes CEO at the O2O Company when LINE introduces a company system. (present position)


Turnover of Major Delivery Service Providers Overseas and Ratios of Active Users to the Population



The market of restaurants that cannot deliver food by themselves is 7.3 times as large as the market of restaurants that can deliver food by themselves. The key point in expanding the delivery market is to tap into restaurants that cannot deliver food by themselves.

“Restaurants that can deliver” vs. “restaurants that cannot deliver”

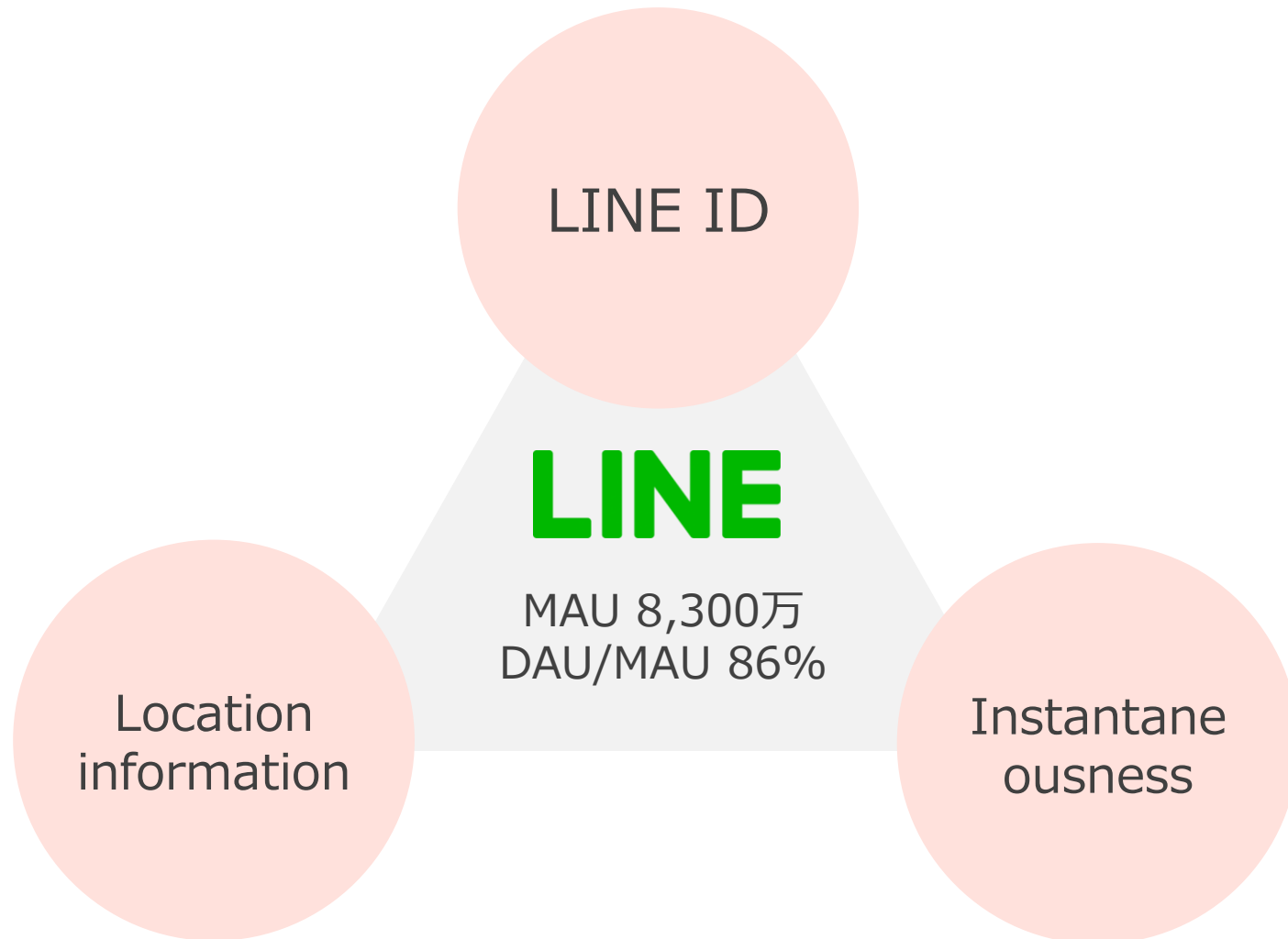
	Number of restaurants	Market size	
Restaurants that can deliver by themselves	36,748	1.84 tri.	Can delivery by themselves
Restaurants that cannot deliver by themselves	374,313	13.46 tri.	Cannot delivery by themselves
Restaurants beyond the scope (bars, clubs, etc.)	65,635	0.75tri.	



 ← 7.3 times

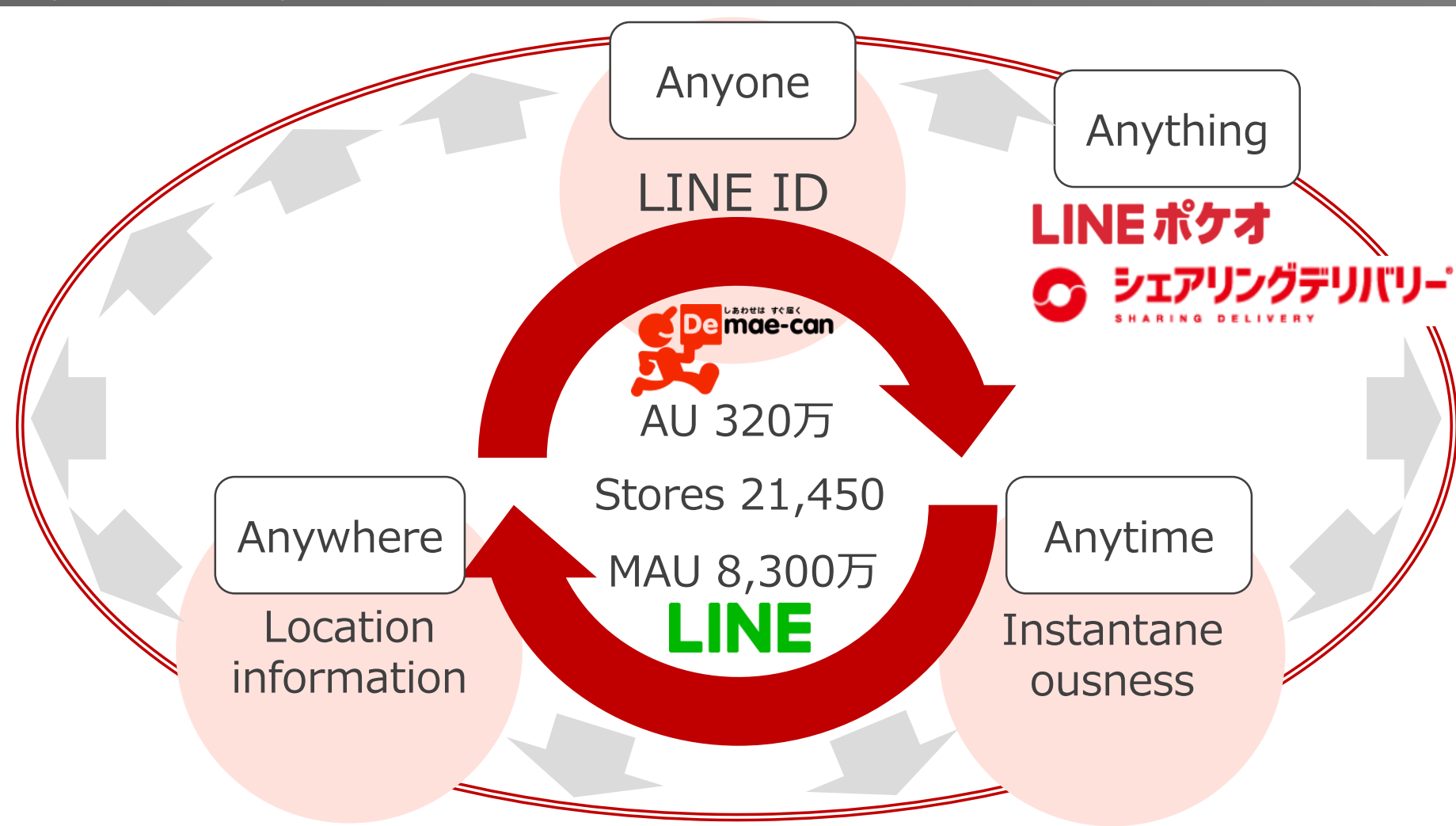


LINE is frequently used as a messaging application and has more than 83 million monthly active users (MAU). Its major assets are LINE IDs, location information and promptness (from the delivery of a message to the viewing of it).



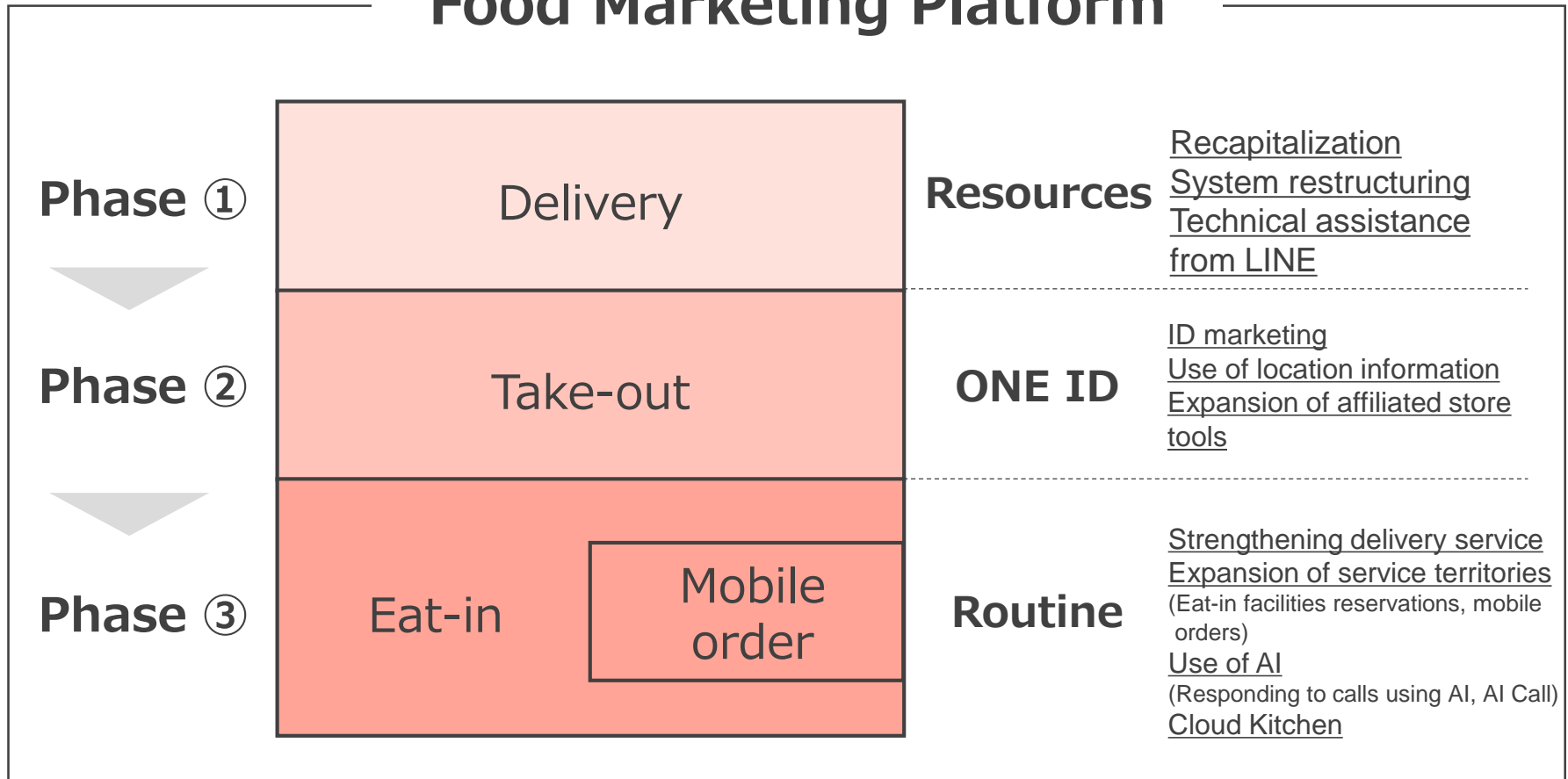
Synergy between Demae-can and LINE

Demae-can will combine Sharing Delivery[®] (delivery service) and take-out service (LINE Pokeo) to create a service that will provide any food that users want to anyone anywhere, at anytime.



Demae-can aims to build a Food Marketing Platform in the future that provides comprehensive food service, including take-out, reservations at eat-in facilities and mobile orders (self-orders) as well as delivery.

Food Marketing Platform





Demae-can will build a Food Marketing Platform that will reduce the distance between palatable meals and users



Synergy with the LINE Group

Life on LINE



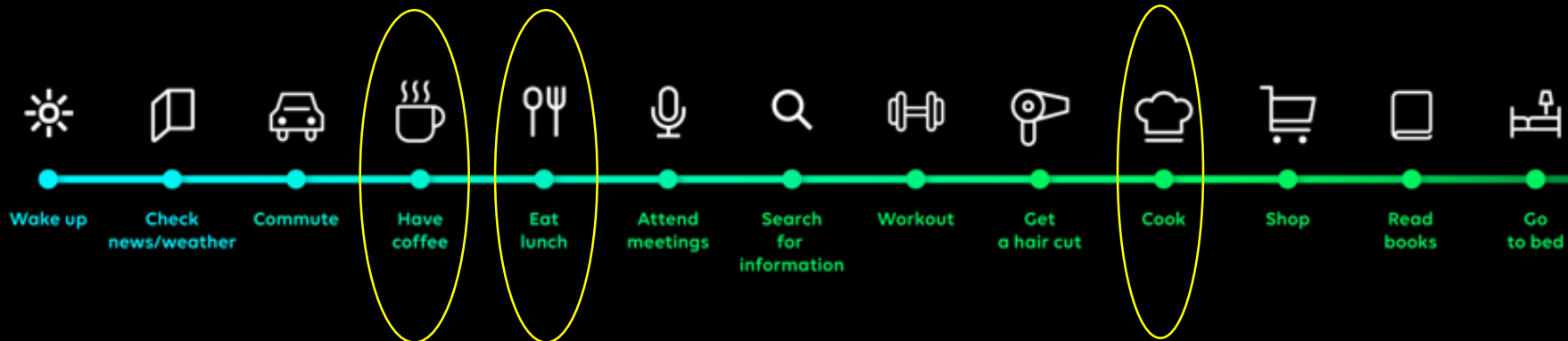
Life on LINE = LINE super apps.





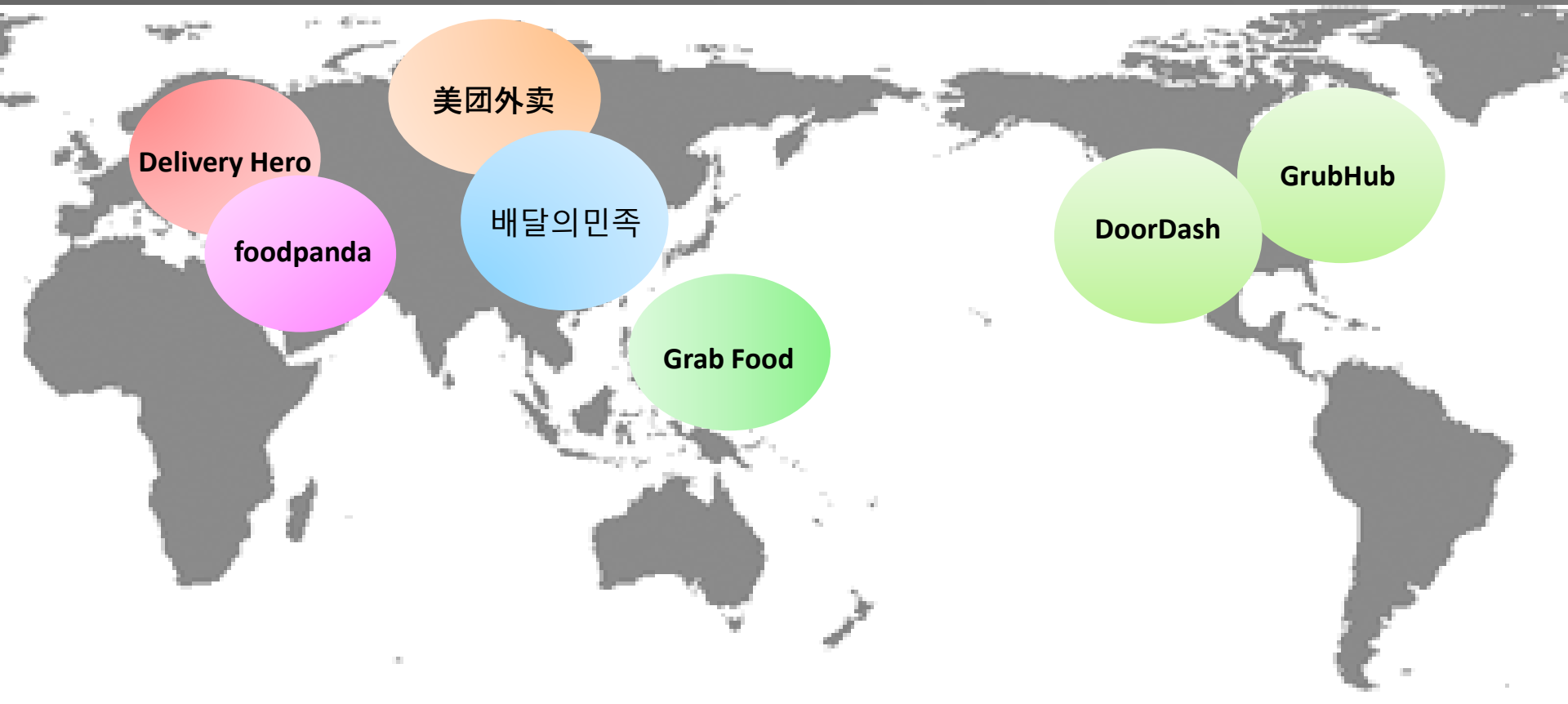
“Making a routine”

Life on LINE 24/7



LINE
デリマ

LINE
ポケオ



Delivery Hero

foodpanda

美团外卖

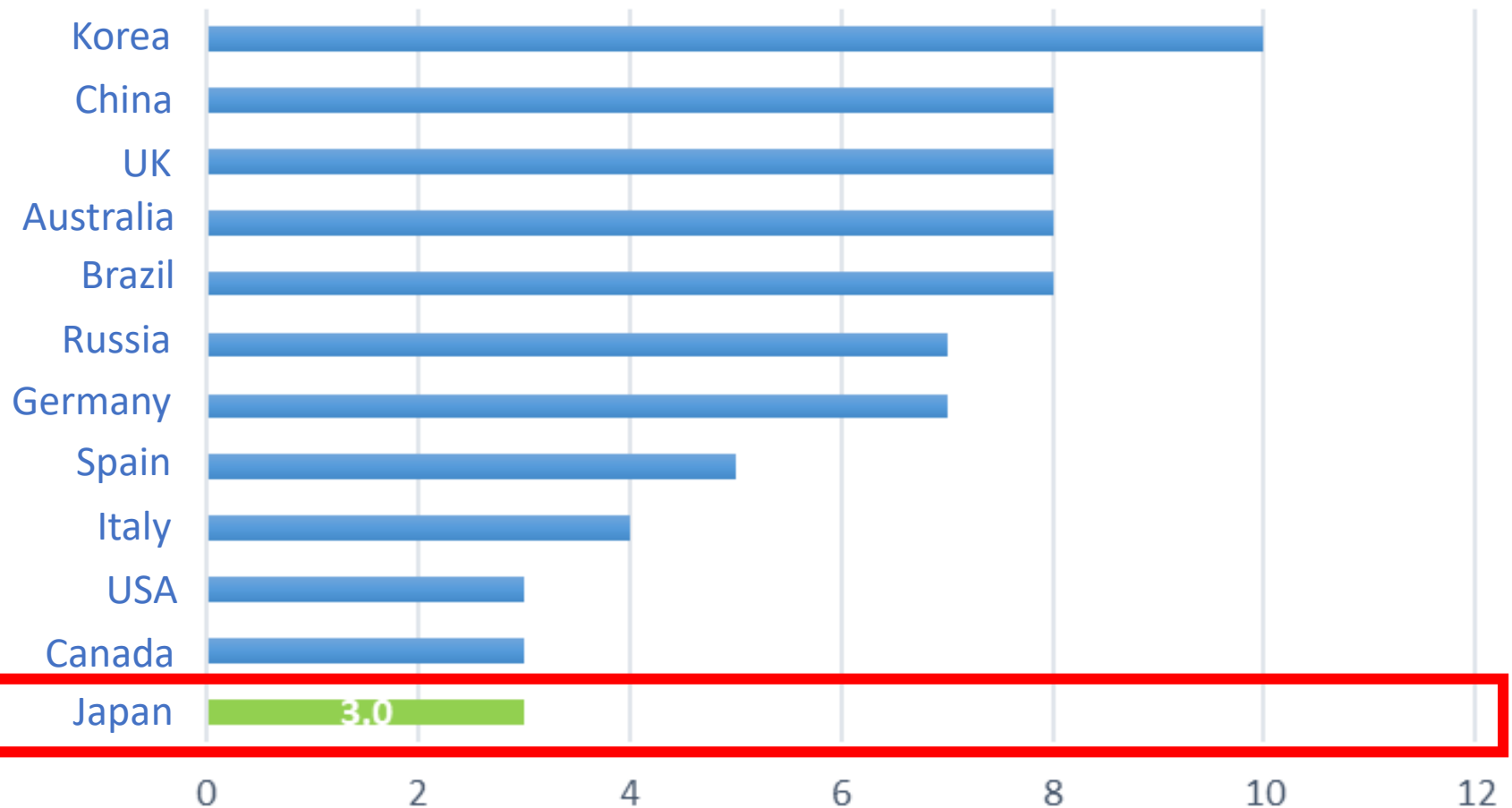
배달의민족

Grab Food

DoorDash

GrubHub

Ratio of food delivery in foreign countries (%)





Digital Transformation of “Food”

LINE





しあわせは すぐ届く

Demae-can